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## *Chapter II. Institutional Selection/Review Preparation*

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### **A. Institutional Selection Process**

#### **1. SELECTION CRITERIA**

IRB has redesigned the Program Review Selection Criteria. The new criteria more accurately identify institutions showing symptoms historically associated with deficient Title IV administration.

The objectives of the redesigned school selection process are to:

- N     TARGET HIGH-RISK INSTITUTIONS** on a national basis where significant sums of Title IV funds may be in jeopardy;
- N     PROMOTE CROSS-REGIONAL and MULTI-REGIONAL TEAM PROGRAM REVIEW STRATEGY**, drawing on resources from all regions to 1) staff **concentrated review teams** and 2) establish an oversight network which manages program review responsibilities from a national perspective.

Using information from the automated systems available to the Institutional Review Branch (IRB), factors were identified which resulted in a **PRIORITY REVIEW LIST** of institutions that may potentially warrant a concentrated team review.

A Survey Review List was also created and identifies a larger group of institutions which may warrant a program review, depending on the assessment of regional office staff. The selection criteria are included as Appendix M.

Initially, we have used 15 selection factors available on automated data bases; an additional 10 factors will be included as they become available on automated systems. The factors will be updated on a quarterly schedule.

In addition, IRB will add factors which will rely on information relating to institutions identified as having Perkins Loan excess cash and missing Pell Grant submission deadlines.

#### **2. INSTITUTIONAL PROFILE/SUPPLEMENTAL REPORTS**

To assist reviewers with preparation for any program review, IRB has designed the **Institutional Profile**. These profiles are prepared quarterly for the schools identified for review by the factors and are sent to regional offices with the list of schools. The Profile contains information gathered from a variety of sources in a format intended to save valuable research time in preparing for the review. The **Institutional Profile** contains the following data:

|   |   |
|---|---|
| N | Institution Name/Address/OPE ID/Eligibility Date                        |
| N | Control/Type/Region/Accrediting Agency                                  |
| N | Review History (2 most recent ED and GA reviews)                        |
| N | Factor Elements identifying the institution for review                  |
| N | Default Rates (last 3 years)  |
| N | Latest ED Review (PRCN, findings, liabilities, fines)                   |
| N | Latest Audit Findings (ACN, audit period, findings, liabilities, fines) |
| N | Excess Cash => \$500,000  |
| N | Total Title IV Dollars by Program/Year (last 3 years)                   |
| N | CED Actions (future data element)                                       |
| N | Reimbursement/Escrow (future)   |

Additional data in **supplemental reports** will provide information on **(1)** funding levels above \$1 million, ranked by dollar amount and categorized by sector (public, private, proprietary), **(2)** last date of ED review, if any, **(3)** SPS data for use in selecting a statistically valid sample, and **(4)** the statistical sample based on SPS data. The supplemental reports will ensure that **high priority** is assigned to schools with more public funds at risk and longer periods without review, with **lower priority** to moderately-funded schools reviewed within the last three years.

### 3. REGIONAL ASSESSMENT

The regional office is often the first to receive information about institutional mismanagement of Title IV programs. Such local reports should be given special consideration in the process of school selection. This local information -- regional assessment -- may include a pattern of complaints from students or institutional staff, adverse press reports, or reports from state licensing agencies. Regional assessment could involve choosing to review a school that has not been identified on the selection criteria list. The regional office supervisor must notify IMD in advance of reviews scheduled at schools not on the selection list, but selected for review based on regional assessment.

### 4. COORDINATION OF REVIEW SCHEDULES

To promote orderly management of the review process and minimize simultaneous review visits by different review teams to the same institution, review schedules should be coordinated with other agencies, as well as other offices within ED. For example, advance communication with **OIG** on review schedules can help prevent simultaneous, uncoordinated, multiple review team visits. At the same time, early coordination may provide the reviewer with useful school information held by **OIG** or other entities.

Similarly, if **CED** has initiated or is planning administrative action against an institution, sharing the review schedule in advance may result in useful information for the reviewer. In addition, because **the Institutional Participation Division (IPD)** may have valuable information on an institution which may assist the reviewer, it is advisable to share the schedule with staff in that Division.

If the school is an **Institutional Quality Assurance Program (IQAP)** participant, a review exemption normally applies. (Central office will provide information on participating IQAP schools to assist regional office supervisors with schedule planning.) However, if serious deficiencies are suspected at an IQAP institution, supervisors may consider scheduling a review after consulting with IMD and the IQAP coordinator.

Pre-review school information may be sought from the relevant **guaranty agency, state licensing agency, accrediting agency, and state postsecondary review entity (SPRE)**. Scheduling details may be shared to promote maximum coordination, including the possible planning of joint-agency team reviews. However, if there is concern about information security and possible school alert at a particular agency, reviewers might request general information while omitting the specific review visit dates.

Note on coordination with non-federal auditors on-site: If the reviewer arrives unannounced at the school to find that an auditor will be on-site simultaneously, it is recommended that the reviewer meet with the auditor and attempt to coordinate document requests as much as possible. This should minimize inefficiencies and time delays caused by conflicting need for school documents at the same time.

## **B. Review Preparation**

### **1. INSTITUTIONAL DATA SYSTEM (IDS)**

Although the Institutional Profile provides school background to assist with review preparation, reviewers may obtain additional data by checking **IDS** (the Institutional Data System). IDS is ED's automated system used to record and track information on participating postsecondary institutions. The system is useful for researching institutional data, such as basic identifying information, eligibility data, funding summaries, and program review, audit, and guaranty agency review history.

For example, a reviewer seeking information beyond the Profile, such as current or past school owner information, may check the eligibility screen on IDS; or, if a history of reviews is needed (beyond recent review information provided in the Profile), IDS can provide it.

To check patterns of student complaints against institutions, reviewers should check the IDS complaint subsystem and the regional office files.

In addition, if some months have passed since the issuance of the Institutional Profile, and a new one has not been generated, the reviewer may request a new Profile or check IDS for updated information.

Keep in mind that, because IDS may not always be current, it is most valuable as a starting point for researching institutional information. If information appears to be less than complete or fully up to date, reviewers are advised to check with the original source.

a. ACCURATE TRACKING AND TIMELY DATA ENTRY

Reviewers play a vital role in maintaining the integrity of IDS. It is important that staff enter program review information into the system at designated points in the process. Only when data is entered in a timely fashion can IDS serve its purpose as a research, tracking, and management information system.

Basic information on entering data into IDS is found in IRB procedures memorandum IRB-S-89-2 (and addendum), 1/26/89. The key points for data entry are at the conclusion of the review visit, issuance of the review report, issuance of the final program review determination, and closure of the review.

b. IDS/PEPS

IDS will soon be replaced by PEPS (Postsecondary Education Participants System), a new, interactive automated system linking ED, guaranty agencies, state agencies, and accrediting bodies. The Program Review Guide will refer to the systems jointly as IDS/PEPS.

**Other automated data bases:** The National Student Loan Data System (NSLDS) is in final development. NSLDS will include comprehensive information on student loan recipients and selected information on grant recipients. When NSLDS becomes available, reviewers will be able to use it as a valuable research tool, and to prepare more comprehensive statistical samples of an institution's Title IV population. In addition, program review staff in the EAGIR Group (Electronic Access Group for Institutional Review) will continue efforts to improve reviewer access to other ED data bases.

## 2. PRIOR AUDITS

The Institutional Profile contains information on the last non-federal audit. The reviewer may check IDS/PEPS or consult the Audit Resolution Branch (ARB) Section Chiefs for additional information on prior non-federal audits and audits by OIG staff. Serious audit findings, especially recurring violations in program review focus items, should be noted, added to the reviewer's on-site checklist, and reviewed for corrective action.

If the reviewer's audit research suggests required audits have not been submitted, check first with the Regional Inspector General for Audit (RIGA), then with ARB, and finally check on-site at the school, if needed, to verify audit submission. The school may be able to verify that

audits have been properly submitted. If not, notify ARB to see what corrective action has been taken. If no action has been taken, this will be a significant finding.

In an effort to strengthen coordination and follow-up between ARB and IRB, reviewers are encouraged to take special note during pre-review planning of an institution's audit activity and corrective action plans. While on-site, reviewers should check to ensure that these corrective action plans have been implemented. Recurrent and overlapping audit and program review findings should be noted and referenced in the program review report.

Some institutions (typically large, public institutions) may fall under the Single Audit Act which only requires one audit to cover all federal programs. Therefore, if the reviewer's research does not find an audit for a specific institution, check to see if the institution falls under the Single Audit Act.

### **3. PRIOR REVIEWS**

The Institutional Profile contains information on the last ED program review. Check IDS for additional information on **past reviews by ED and by guaranty agencies**. Again, note patterns of significant violations, especially within the focus items, and check for corrective action.

Also check with **state licensing agencies** for complaints or other adverse institutional information on file. If related to federal student aid, these complaints may help identify areas of program review focus. Note that states will be concerned primarily with academic and instructional issues. However, with the Congressional mandate in the 1992 Higher Education Amendments for expanded "gatekeeping" activity by **state postsecondary review entities (SPREs)** -- state units distinct from the licensing bodies -- state authorities will play an expanding role in reviewing Title IV issues.

Similarly, **accrediting agencies** will conduct more reviews of their member institutions as a result of the 1992 Amendments. Reviewers should check with accrediting agency personnel to seek information on student or staff complaints and obtain copies of institutional annual reports or copies of accrediting agency reviews of member institutions. The reviewer also has the option to request these documents directly from the school while on-site.

In addition, reviewers may check with state attorney general offices, offices of consumer affairs, and legal aid agencies regarding records of student complaints against institutions.

### **4. UNANNOUNCED/ANNOUNCED REVIEWS**

Unannounced: In general, all program reviews should be **unannounced**, although regional office supervisors may depart from this policy as they deem appropriate. The implications for review preparation are clear: In an unannounced review, the school will **not** be providing Title IV administrative information in advance -- the reviewer must invest additional time in pre-visit planning and information gathering.

This more extensive advance planning for unannounced reviews includes an emphasis on gathering information through **indirect** sources -- everything from the precise route to the institution, to ascertaining academic schedules so as not to arrive in the midst of registration or school vacation, to preparation of the statistical sample using Pell-only data available from within ED. (Sample preparation guidelines are provided in the following section.) In addition, reviewers may seek advice from experienced reviewers to share ideas and develop creative strategies for indirect information gathering.

**Announced:** If a review will be **announced**, information on institutional administration of the Title IV programs may be requested in advance (typically 3-4 weeks notice). Information requested should include a complete list of Title IV recipients, preferably in an electronic format.

## **5. SAMPLE SELECTION**

While there has been past variation among the regions regarding the award years selected for review, in the interest of consistency and data availability (closed year reports) reviews should cover the **two most recent closed** award years. In addition, some files from the **current award year** should be examined.

While it may not be inclusive of a school's entire Title IV population, the Student Payment Summary (SPS) report is considered the best currently-available resource for the advance preparation of the statistical sample list. While SPS data is complete for **closed** award years, reviewers should note when planning **current** award year samples that most institutional Pell reports will not have been submitted until November. Pell Operations staff indicate that December 15 is the mandatory deadline for first SPS submission.

Except for schools with very small Title IV populations (under 100 per award year), reviewers should prepare a **statistical sample** list in advance of the review. IRB software and ED's SPS data are used to prepare the statistical sample. (IRB-HQ is currently developing a method to provide the statistical sample along with the institutional profile.)

From the statistical sample list, the reviewer selects a **random sample**, usually 10-12 students per award year. This will be the initial focus of work for the review. Note: Upon arrival at the institution, the first information request should include a **complete, unduplicated, reconciled list (in an electronic database format, if possible) of all Title IV recipients, by award year**. If the reviewers are able to obtain from the school a complete Title IV recipients list, they should select a new statistical sample based on the more complete information. This is important because the results of the review will be more accurate, and liability extrapolations more comprehensive, if based on the entire universe of Title IV recipients.

Note: Comprehensive training on statistical sampling is being prepared for all reviewers to provide additional clarification of statistical sampling and extrapolation methods.

A final **cross-regional** note on review preparation: With a greater emphasis on cross-regional staffing of reviews, review preparation may also increasingly be conducted across regional lines. IRB-HQ and regional supervisors will examine the issue of coordinated cross-regional review planning.

## **6. NOTICE OF VISIT LETTER**

A standard format for the Notice of Visit letter (used for unannounced reviews) is provided in Appendix B. The reviewer should adjust the text in advance, adding information relevant to the particular school. Information to be added should include the name of the chief administrative officer (from IDS/PEPS or other ED documents), OPE/EIN numbers, review team member(s), and award years to be reviewed.

The letter lists the documents the reviewer is requesting that the school provide. The list includes all programs, but the reviewer need not tailor the list to the school because the wording provides for certain documents to be provided **only** if applicable to the institution's participation.

For announced reviews, the basic Notice of Visit letter may be adapted by replacing the initial paragraph regarding ED's right to appear unannounced with language confirming schedule arrangements made in advance. The list of documents to be provided remains the same. Other minor adjustments may be needed.

Preparation Checklist: To assist reviewers with pre-review planning, a preparation checklist is included as Appendix A.